

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** September 18, 2017  
**TO:** Angela Charles, Commission Deputy Clerk II, Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 20170001-EI  
Company Name: Florida Power & Light Company  
Company Code: EI802  
Audit Purpose: A3a: Hedging Activities  
Audit Control No.: 2017-048-4-1

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Volume 2 of the audit working papers are forwarded for confidential treatment pursuant to Rule 25-22.006, Florida Administrative Code. The audit report, and volume 1 of the work papers are public and held by the Bureau of Auditing. The audit exit conference was held September 15, 2017.

LMD/cmm  
Attachments: Confidential Document Index  
Confidential Binder(s) Listed Above

cc: Bureau of Auditing (File copy)

RECEIVED-FPSC  
2017 SEP 18 PM 2:12  
COMMISSION  
CLERK

*Sandra Soto*

Received By

*9/18/2017*

Date

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STATE OF FLORIDA



OFFICE OF  
AUDITING & PERFORMANCE ANALYSIS  
DALE MAILHOT  
DIRECTOR  
(850) 413-6854

Public Service Commission

September 15, 2017

Ms. Mashinda Kazadi  
Regulatory Analyst  
Florida Power & Light Company  
9250 West Flagler Street  
Attn: RAD/GO  
Miami, FL 33174

**Re: Hedging Activities Audit; Docket 20170001-EI; ACN: 2017-048-4-1; Confidential Documents Returned to Company**

Dear Ms. Kazadi:

We have completed our field work in the above referenced audit. Included with this letter are the documents provided by the Utility that we are not retaining as part of our audit work papers. Please sign this letter showing receipt of these materials and email this sheet to me at [Mglover@psc.state.fl.us](mailto:Mglover@psc.state.fl.us), as soon as possible.

Thank you for your assistance in this regard, and should you have any questions, please call me at (850) 413-6804.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Glover".

Marisa N. Glover  
Regulatory Analyst Supervisor

MNG

Received by:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Enclosures

cc: File//Audit Work papers (1)

List of Items Returned:

Florida Power & Light Company  
Hedging Activities Audit

Docket 20170001-EI, Audit Control Number 2017-048-4-1

Item No	Description	Number of Pages	Document Request #
1	FPL Derivative Settlements Reports from August 2016 to most recent.	CD #3	Hedging 1
2	FPL Derivative Settlements Reports from August 2016 to most recent.	CD #4	Hedging 1
3	Derivative Settlement Reports, Brokerage Fees, and PPS Support for June and July	CD #9	Hedging 1 Hedging 6 Hedging 8 Hedging 13
4	Derivative Settlement Reports, Brokerage Fees, and PPS Support for June and July	CD #10	Hedging 1 Hedging 6 Hedging 8 Hedging 13
5	Derivative Settlement Reports, Brokerage Fees, and PPS Support for June and July	CD #11	Hedging 1 Hedging 6 Hedging 8 Hedging 13
6	Unredacted copy of the Risk Management Plan for Fuel Procurement. FPL's Energy Marketing and Trading-Trading and Risk Management Procedures Manual and NextEra-Energy Trading and Risk Management Policy	CD #2	Hedging 3
7	Hedging Activity True-up Report filed on April 3, 2017 (January - December 2016)	CD #1	Hedging 4
8	List of all physical hedging transactions, Treatment of transaction costs and brokerage fees, Tolling Agreements, and hedging transactions with affiliate companies.	CD #2	Hedging 6
9	Organization chart for the hedging activities personnel, the names, titles, duties of the personnel, and any changes of personnel since the last audit.	CD #2	Hedging 7
10	Sarbanes Oxley 404 Compliance - Process Narrative	CD #2	Hedging 8
11	Planned Position Strategy (PPS) reports, including applicable revisions,	CD #2	Hedging 9
12	Hedging Program Position Schedule, and Rebalancing Activity Schedule.	CD #5	Hedging 9
13	Derivative Settlement Reports, Brokerage Fees, and PPS Support for June	CD #7	Hedging 9
14	Hedging Activities Supplemental Report filed on August 18, 2017	1	Hedging 10
15	Invoices and Purchased Statements	CD #8	Hedging 11

16	Monthly Gas Closing Reports, Natural Gas Sales Summary, Natural Gas Price Computation Worksheets, Natural Gas Consumption and Estimated Cost Reports, Natural Gas Options/Swaps included in the current month. The journal entries recording Gains/Losses for the specific month.	CD #6	Hedging 13
17	Monthly Gas Closing Reports, Natural Gas Sales Summary, Natural Gas Price Computation Worksheets, Natural Gas Consumption and Estimated Cost Reports, Natural Gas Options/Swaps included in the current month. The journal entries recording Gains/Losses for the specific month.	CD # 12	Hedging 13
18	Monthly Gas Closing Reports, Natural Gas Sales Summary, Natural Gas Price Computation Worksheets, Natural Gas Consumption and Estimated Cost Reports, Natural Gas Options/Swaps included in the current month. The journal entries recording Gains/Losses for the specific month.	8	Hedging 13
19	Deal tickets and Copy of the related Gas Daily Support	CD #8	Hedging 14
20	Confirmation Notices	CD #8	Hedging 15
21	Additional Deal tickets and Copy of the related Gas Daily Support	CD #13	Hedging 18
22	Additional Confirmation Notices	CD#14	Hedging 19

**14 CDs**

**9 pages**

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STATE OF FLORIDA



OFFICE OF  
AUDITING & PERFORMANCE ANALYSIS  
DALE MAILHOT  
DIRECTOR  
(850) 413-6854

## Public Service Commission

September 15, 2017

Ms. Mashinda Kazadi  
Regulatory Analyst  
Florida Power & Light Company  
9250 West Flagler Street  
Attn: RAD/GO  
Miami, FL 33174

**Re: Hedging Activities Audit; Docket 170001-EI; ACN: 2016-048-4-1; Courtesy Copy of Confidential Documents Provided to Company**

Dear Ms. Kazadi:

We have completed our field work in the above referenced audit. Included with this letter are courtesy copies of the confidential audit work papers, which the Commission is maintaining in a Temporary Confidential Status with an index of the enclosed documents.

Please sign and date page two of this letter indicating that you have received these copies and email the sheet to me at [Mglover@psc.state.fl.us](mailto:Mglover@psc.state.fl.us), as soon as possible. The Utility must file a Request for Confidential Classification according to Rule 25-22.006, F.A.C. in order to maintain this confidentiality. This request must be filed with the Commission within twenty-one days from today or these work papers will become public documents.

Thank you for your assistance in this regard, and should you have any questions, please call me at (850) 413-6416.

Sincerely,

A handwritten signature in black ink that reads "M Glover".

Marisa N. Glover  
Regulatory Analyst Supervisor

MNG

Received by:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Enclosures

cc: File//Audit Work papers (1)

**INDEX OF CONFIDENTIAL WORKPAPERS**

**Florida Power & Light Company**

**Hedging Activities Audit**

Docket 20170001-EI, Audit Control Number 2017-048-4-1

Item	Description	Work paper Number	# of Pages
1	Hedging Activity True-up Report filed on April 3, 2017 (January - December 2016)	2, 2.1, 2.2, 2.3 and 2.4	5
	Hedging Activities Supplemental Report filed on August 18, 2017	2.5, 2.6, 2.7, 2.8, 2.9, 2.10, and 2.11	7
	List of all physical hedging transactions, Treatment of transaction costs and brokerage fees, Tolling Agreements, and hedging transactions with affiliate companies.	10-6.2, 10-6.3, 10-6.4, 10-6.5,	4
	Organization chart for the hedging activities personnel, the names, titles, duties of the personnel, and any changes of personnel since the last audit.	10-7.1	1
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